

## SENATE BILL NO. 168

INTRODUCED BY MANGAN

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE BOARD OF INVESTMENTS TO CONTRACT WITH AND LOAN MONEY TO AN EQUITY INFUSION BOARD; PROVIDING FOR THE COMPOSITION OF THE EQUITY INFUSION BOARD; LIMITING THE AMOUNT AND DURATION OF EQUITY INVESTMENTS; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 17-6-309, MCA, is amended to read:

**"17-6-309. Investment preferences.** (1) Subject to the provisions of subsection (2) or (3), in deciding which of several investments of equal or comparable security and return are to be made when sufficient funds are not available to fund all possible investments, the board shall give preference to the business investments that:

(a) assist employee-owned enterprises in providing new jobs or in preserving existing jobs for Montana residents or in otherwise contributing to the long-term benefit of the Montana economy, including raising the per capita income of Montana jobholders;

(b) are for locally owned enterprises that are either expanding or establishing new operations;

(c) provide jobs that will be substantially filled by current Montana residents as opposed to providing jobs that will be filled by nonresidents coming into the state to fill such jobs;

(d) maintain and improve a clean and healthful environment, with emphasis on energy efficiency;

(e) encourage or benefit the processing, refining, marketing, and innovative use and promotion of Montana's agricultural products; or

(f) benefit small- and medium-sized businesses as defined in rules adopted by the board.

(2) The board may make a loan to enhance economic development and create jobs in the basic sector of the economy, as defined by the board by rule, if the loan will result in the creation of a business estimated to employ at least 15 people in Montana on a permanent, full-time basis or result in the expansion of a business estimated to employ at least an additional 15 people in Montana on a permanent, full-time basis or raise salaries, wages, and business incomes of existing employees and employers.

(3) In implementing the provisions of subsection (1), the board may enter into a contract with and loan up to \$1 million to a private, for-profit entity AN EQUITY INFUSION BOARD, PROVIDED FOR IN [SECTION 2], that is established for the purpose of making equity infusion loans to Montana businesses. The loan may be made in increments or installments as the board determines appropriate. LOAN PROCEEDS MAY NOT BE USED FOR THE ADMINISTRATIVE EXPENSES OF THE EQUITY INFUSION BOARD."

**NEW SECTION. Section 2. Equity infusion board -- purpose.** (1) The equity infusion board is a private, for-profit entity, referred to in 17-6-309(3), that is established for the purpose of making equity infusion loans to Montana businesses. The board must be composed of regional and local economic development groups and financial institutions. FOR THE PURPOSES OF THIS SECTION, LOCAL ECONOMIC DEVELOPMENT GROUPS INCLUDE:

(A) A PRIVATE, NONPROFIT CORPORATION, AS PROVIDED IN TITLE 35, CHAPTER 2, THAT IS EXEMPT FROM TAXATION UNDER SECTION 501(C)(3) OR 501(C)(6) OF THE INTERNAL REVENUE CODE, 26 U.S.C. 501(C)(3) OR 501(C)(6);

(B) AN ENTITY CERTIFIED BY THE DEPARTMENT OF COMMERCE UNDER 90-1-116; OR

(C) AN ENTITY ESTABLISHED BY A LOCAL GOVERNMENT.

(2) The board shall hire a fund manager who is responsible for the administration of the investment fund and for proposing investments to the board.

(3) Only equity investments may be made by the board. An equity investment must be approved by a majority of the board. An equity investment may not exceed \$50,000 and may not be for a term longer than 10 years.

**NEW SECTION. Section 3. Codification instruction.** [Section 2] is intended to be codified as an integral part of Title 17, chapter 6, and the provisions of Title 17, chapter 6, apply to [section 2].

**NEW SECTION. Section 4. Effective date.** [This act] is effective July 1, 2005.

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